

Kentucky Agricultural Development Fund Update

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Ernie Fletcher, Governor
Keith Rogers, CEO
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Message from the Executive Director

As we begin the new year, I find it the ideal time to review the past and look forward to the opportunities and challenges ahead. For most Kentucky farm families, 2003 has been a very successful year, with abundant rainfall and a fantastic growing season. Kentucky producers have enjoyed bumper crops, while grain farmers have experienced improving prices. Much of the livestock industry has benefited from high prices as the equine industry continues its recovery. Gross farm cash receipts in Kentucky are estimated to reach \$3.6 billion for 2003, with net farm income possibly being the second highest, at an estimated \$1.4 billion.

With the new year comes new leadership in Kentucky. Governor Fletcher has a strong commitment to Kentucky's rich agricultural heritage and to the agricultural diversification efforts across the Commonwealth. Governor Fletcher has pledged to continue the dedication of 50 percent of the Phase I settlement funds to agriculture. He believes this money was set aside to help our farmers during this difficult transition from the tobacco economy

It was an honor to be selected by Governor Fletcher to serve as the new Executive Director of the Governor's Office of Agricultural Policy

(GOAP). To the Agricultural Development Board and County Councils, I commit to you that I will work hard to see that the GOAP provides the leadership and assistance you need to continue this effort. I want to work with you to make the programs and projects you have successful and rewarding to your communities.

It is my plan to develop a strong compliance and evaluation component to the agricultural development fund process. Not only do we need to be accountable to make sure the money has been used appropriately, but we need to find a way to measure our efforts. We must be able to provide proof to the citizens of Kentucky and our legislators that the money provided in House Bill 611 is moving Kentucky agriculture forward, improving the economy in rural Kentucky and that we are benefiting Kentucky Farm Families by the way that we're investing and using these funds.

2004 can and will be another great year as we work to create opportunities to improve the agricultural economy of Kentucky, so that we can successfully build a strong future for Kentucky's farm families.

Keith L. Rogers
Executive Director

Cultivating rural prosperity

NEXT ADB MEETING:

Jan. 16—
Board Review, 11:00 a.m.
Board Meeting, 1:00 p.m.
Franklin Co. Extension
Office (Frankfort)

SEED LIST UPDATE

The following varieties of alfalfa have been added to the approved seed list for the *Forage Improvement & Utilization Program*:

Evermore
Pegasus

For a complete list, visit <http://agpolicy.ky.gov/funds/forage/>

(Effective: 12/5/03)

ADF Board Meetings in Review

At its November and December meetings, the Kentucky Agricultural Development Board approved over \$5.1 million in diversification projects for Kentucky agriculture.

Twenty-nine non-model projects were approved for \$2,355,978 in state, \$485,161 in KCADE, and \$433,979 in county funds. These projects ranged in scope from marketing to technical assistance.

The balance of funds approved were for the eight model programs. County model programs are designed to provide farmers with cost-share funding

to allow them to improve and diversify their current production practices.

Agricultural Diversification
\$162,500 / 5 counties

Fencing Improvement
\$100,300 / 4 counties

Forage Improvement
\$255,675 / 4 counties

Cattle Genetics Improvement
\$ 90,272 / 3 counties

Goat Diversification
\$ 76,500 / 4 counties

Cattle Handling
\$189,576 / 6 counties

Hay, Straw & Commodity Storage
\$394,300 / 7 counties

On-farm Water Enhancement
\$75,000 / 1 counties

At the November meeting,

Gene C. Royalty was recognized for his service to agriculture, and to Kentucky in general, as an outstanding public servant. The November meeting was Mr. Royalty's last meeting as CEO of the Agricultural Development Fund and Executive Director of the Governor's Office of Agricultural Policy.

At the December meeting, Billy Ray Smith was recognized for eight years of service to Kentucky agriculture as Commissioner of Agriculture. The December meeting was Mr. Smith's last meeting as Commissioner of Agriculture.

Board Meeting Minutes:

<http://agpolicy.ky.gov/board/meetings.shtml>

Phase II Update: Checks Distributed

Kentucky Governor Ernie Fletcher announced today the distribution of payment checks compensating tobacco growers and quota owners in Kentucky as a result of the national legal settlements with tobacco companies. Compensation checks totaling over \$127 million from the settlement are being distributed this week to 159,000 Kentucky tobacco growers and quota owners.

The compensation comes

from the 1999 Phase II settlement between tobacco-growing states and the four largest cigarette manufacturers to offset income losses farmers are expected to experience as a result of changes within the tobacco industry. This distribution represents the fifth of the scheduled twelve annual payments from the Trust. The agreement provides Kentucky farmers \$1.5 billion for annual payments through the year 2010. To date, the KTSTC has fa-



cilitated payments of more than \$462 million since the establishment of the Trust in 1999.

State E-mail Changes

State e-mail address extensions changed the second week of December (old: "@mail.state.ky.gov"; new: "@ky.gov"). Please update your e-mailing lists to reflect the new changes.

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Revised Model Program Reporting Forms

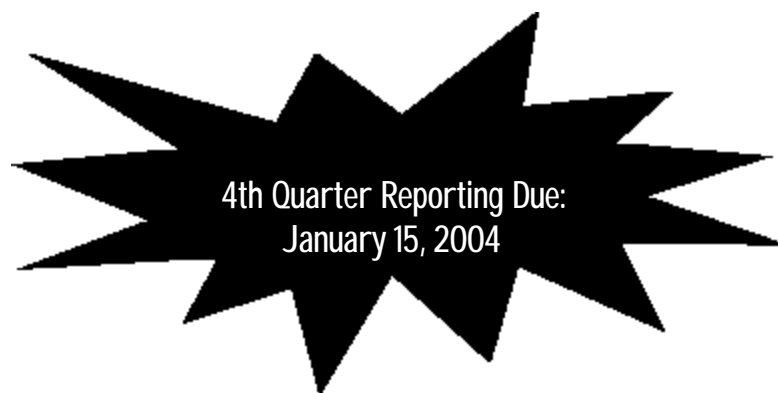
The current model program reporting forms are being revised for usability, consistency, and accuracy in data collection.

The forms are expected to roll out by January 9, 2004. Those who are able are encouraged to use the new forms for the reports due January 15. Otherwise, all programs will need to use the new forms beginning with 1st Quarter 2004, which is due April 15.

Additionally, a new form for all shared-use equipment (model and non-model) has been developed. There is also an audit sheet for administrative reference, but will not be turned in to this office.

If your county would like to use the revised forms for the January deadline, then please e-mail our office (govkyagpolicy@ky.gov) or call (502-564-4627) to request the specific form(s). They will also be made available on-line at

<http://agpolicy.ky.gov/funds/reporting.shtml>.



PROJECT ANALYSTS BY EXTENSION DISTRICT

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District V	Maggie May (Lake Cumberland) / Bill McCloskey (Lincoln Trail)
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Board Meeting Structure Changes

At its Strategic Planning Meeting, the Agricultural Development Board altered its meeting schedule to compress two days of meetings into one.

The Board Meeting date will remain the third Friday of the month, but will move to 1:00 p. m. with the Board Project Review Committees meeting simultaneously the morning of the Board meeting. The time of the Project Review meeting will vary between 9:00 and 10:00 a. m., depending on the number of applications to be reviewed.



Kentucky State Capitol

2004 General Assembly

The 2004 General Assembly convenes on Tuesday, January 6. The 2004 Session is regular session and will last 60 days. The last day of session is April 13.

Pre-filed bills related to agriculture include BR 2-exemption of any buyout money received from income tax; BR 88-cigarette tax increase; and BR 212-prevention of prohibition of tobacco use.

Visit <http://www.lrc.state.ky.us/RECORD/04RS/prefiled.HTM> to view other pre-filed bills.

To keep track of this year's session visit <http://www.lrc.state.ky.us/>.

Legislative Message Line
1-800-372-7181

GOAP Website Updates

County Account Availability as of 12/19/03 posted:
<http://agpolicy.ky.gov/funds/availability.shtml>

ADF Board Meeting Details updated:
<http://agpolicy.ky.gov/board/meetings.shtml>

GOAP Calendar updated:
<http://agpolicy.ky.gov/calendar.shtml>

2003 Annual Report on-line:
<http://agpolicy.ky.gov/board/index.shtml>

Model Program Reporting Forms:
http://agpolicy.ky.gov/funds/program_reporting.shtml



January Meetings

Tobacco Settlement Oversight Committee

Tuesday, Jan. 6, 10:00 a.m.
Capitol Annex, Room 131

Governor's Commission of Family Farms

Tuesday, Jan. 6, Noon
Holiday Inn North, Lexington

KY Agricultural Finance Corporation

Friday, Jan. 23, 9:30 a.m.
KDA Board Room, Capitol Annex

If you wish to receive any of the documents mentioned in this newsletter either via fax or regular mail, please contact our office by e-mail, govkyagpolicy@ky.gov, or by phone, (502) 564-4627.

